



# **Manufacturing in Virginia**

## **SIC 21 Tobacco Products**



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## Overall Assessment

- Virginia's seventeenth largest manufacturing industry (out of nineteen).
- Industry lost 42 percent of its Virginia employment since 1969 (versus a 56 percent loss nationally).
- Largest exporter of Virginia manufactured goods, accounting for almost 30% of the total.
- Virginia accounts for almost 24 percent of U.S. employment in this industry.

## Employment

	Virginia		U.S.	
	Employment	Rank	Employment	Rank
1949	14,300	6	109,000	13
1969	14,800	9	83,000	17
2000	8,600	17	36,400	19

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Employment Trends

### Absolute Employment Growth

	Virginia		U.S.	
	Absolute Employment Change	Rank	Absolute Employment Change	Rank
1949-2000	-5,700	11	-72,600	9
1949-1969	+500	12	-26,000	11
1969-2000	-6,200	14	-46,600	8

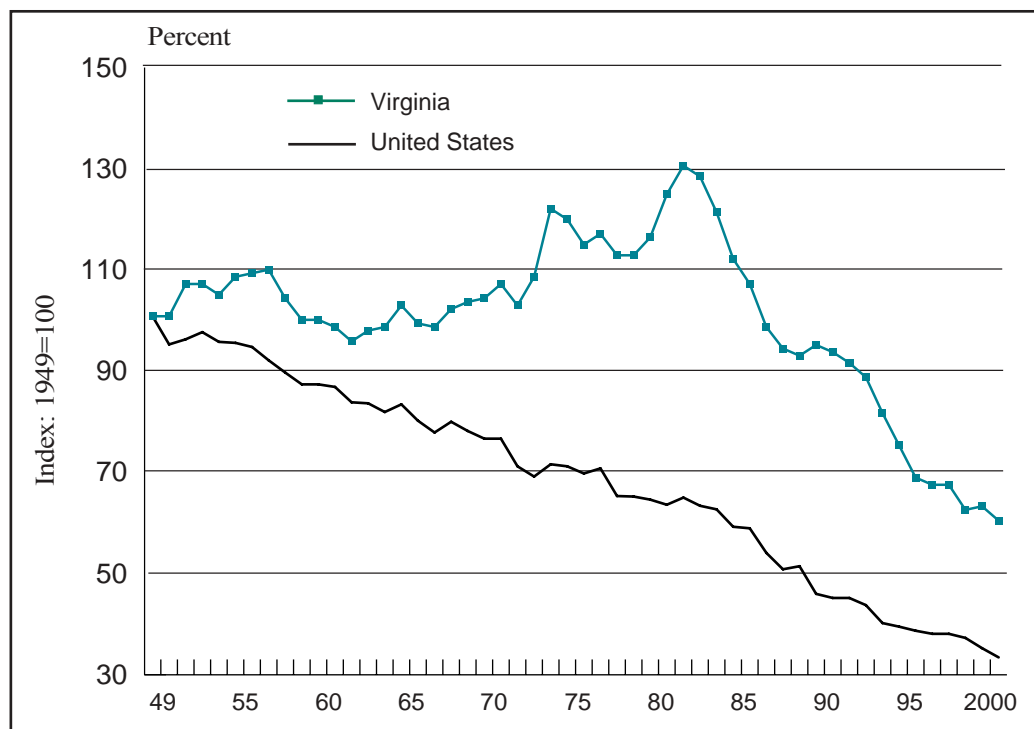
Source: U.S. Department of Labor, Bureau of Labor Statistics.

### Relative Employment Growth

Virginia Annual Average Growth Rates						
	Growth Rate 1949-2000	Rank	Growth Rate 1949-69	Rank	Growth Rate 1969-2000	Rank
Tobacco Products						
Virginia	-1.0%	13	0.2%	12	-1.7%	14
U.S.	-2.1%	13	-1.4%	13	-2.6%	17
Nonagricultural Employment	3.0%		3.1%		2.9%	
Manufacturing	1.1%		2.6%		0.2%	
Nondurable Goods	0.4%		2.0%		-0.6%	

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Employment Change 1949-2000



Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Establishments

### Number of Establishments

	Virginia		U.S.	
	Establishments	Rank	Establishments	Rank
Tobacco Products	20	19	192	19
Manufacturing	6,908	--	413,506	--
Tobacco Products as a % of Mfg.	0.3%		0.5%	

Source: U.S. Department of Labor, Bureau of Labor Statistics.

### Employment per Establishment

	Virginia		U.S.	
	Employment	Rank	Employment	Rank
Tobacco Products	420	1	191	1
Manufacturing	57	--	45	--

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Payroll

### Payroll per Employee

	Virginia		U.S.	
	Payroll per Employee	Rank	Payroll per Employee	Rank
Tobacco Products	\$59,329	--	\$59,095	--
Manufacturing	\$35,767	--	\$41,941	--
Tobacco Products as a % of Mfg.	165.9%		140.9%	

Source: U.S. Department of Labor, Bureau of Labor Statistics.

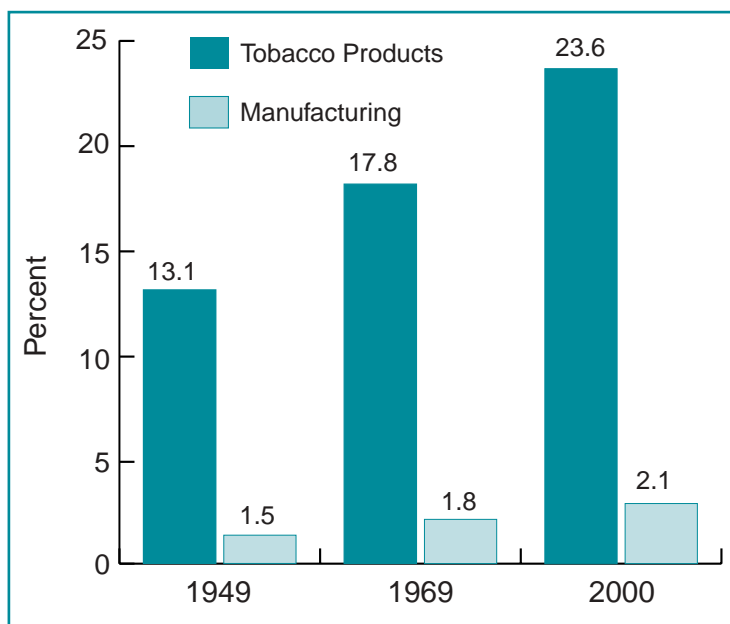
## Exports

Virginia Exports		
	Tobacco Products	Manufacturing
2000	\$2,713,072,000	\$9,395,636,000
1995	\$3,185,455,000	\$9,294,115,000
Export Growth, 1995-2000	-14.8%	1.1%
Share of Manufactured Goods Exports, 2000	28.9%	--

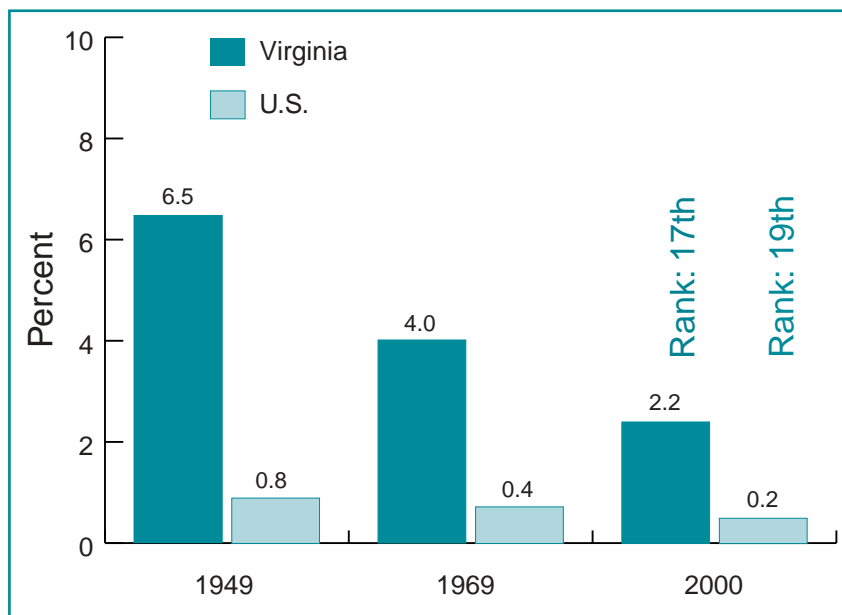
Source: U.S. Department of Commerce.

## Industry Importance

### Virginia's Share of National Tobacco Products Industry



Source: U.S. Department of Labor, Bureau of Labor Statistics.

***Industry's Share of Manufacturing Employment***

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## Industry Trends

### ***Virginia employment distribution: cigarettes (N/A), tobacco stemming and redrying (20 percent).***

- U.S. cigarette consumption has declined at a rate of about two percent per year since 1981. Cigarette smoking among adults decreased from 42 percent (1965) to 25 percent (1990). U.S. cigarette consumption has declined eight percent since last year.
- Tobacco exports comprised almost 20 percent of Virginia's export market in 2000. After peaking in 1996, tobacco exports have fallen 15 percent over the past five years.
- Virginia employment in the tobacco industry has been rapidly declining over the past two decades due to the 1981-82 and 1991 recessions, the departure of Brown and Williamson Tobacco in Petersburg (3,000+ employees), an aging workforce, and increased automation. Although Virginia production facilities benefited from the closure of operations in other states in the late 1990s, employment gains proved to be temporary.
- Other industries, especially in the Richmond area, are heavily dependent on the economic health of tobacco products manufacturers. These include manufacturers of packaging materials, printing companies, and producers of tobacco processing machinery. With the decline of business from the tobacco products industry, many of these companies have gone out of business or substantially cut back their operations. Others have diversified into new markets with mixed results.
- Biotechnology companies in Virginia are developing new uses of the tobacco plant for medicinal purposes. Additionally, advances in Virginia have been made in reducing the level of carcinogens in tobacco products.